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☐ ALABAMA: Birmingham Mobile Anniston Phenix City Montgomery Dothan Selma A-
Auburn Red Bay Cullman Hamilton Florence Haleyville Sylacauga Winfield Tuscumt-
Union Springs Gurn Columbiana Ozark Boston Boaz Tuscaloosa Vernon Jefferson C
Demopolis Piedmont Opp Linevile Enterprise Eufaula Sulligent Albertville Childersburg Bessemer Andalusia Samson Prattville Ashland Fayette Jacksonville
Centre Brantley Clanton Northport Greenville Lafayette Tuskegee Bay Minette Chickasaw Prichard Tallassee Monroeville Alexander City Livingston Troy
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South Tucson Hopi Tribal Chandler ☐ ARKANSAS: Little Rock N Little Rock Fort Smith Blytheville Conway Arkadelphia Texarkana Camden Pine Bluff Magnolia
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County Hardin County Union County White County Pike County Greene County Jersey County McDonough County Bond County Morgan County Jo Daviess
County Winnebago County Fulton County Knox County Bureau County Shelby County Wayne County De Kalb County Aurora Warren County Elgin Wabash
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Cumberland Murray Williamsburg Morehead Catlettsburg Prestonsburg Irvine Hickman Pineville Mayfield Fulton Whitesburg Campbellsville Versailles
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Arcadia Ruston Opelousas Berwich Pineville Jonesboro Bunkie Supphur St Landry Parish Patterson South Landry Sabine Parish Lafourche Parish De-Ridder
Homer Houma St James Parish White Caste St Charles Parish St John the Baptist Parish Hayriesville Lake Providence Rayville Winnsboro Leesville Mansfield
Natchitoches Jennings Caldwell Parish ☐ MAINE: Portland Fresque Isle Lewiston Brunswick Auburn Waterville Bangor Sanford Westbrook South Portland Bar
Harbor ☐ MARYLAND: Annapolis Baltimore Frederick Montgomery County Cumberland Hagerstown Rockville Frostburg Crisfield Cambridge Wicomico
County Prince George's County Elkton College Park Anne Arundel County ☐ MASSACHUSETTS: Lowell Boston Cambridge Holyoke Fall River New Bedford
Chicopee Lawrence Worcester Waltham Revere Medford Chelsea Taunton Woburn Quincy Clinton Malden Lynn Brockton Northampton Framingham Pittsfield
Somerville Brookline North Adams Springfield Newton Fitchburg Winchendon Shrewsbury Beverly Weymouth Saugus North Andover ☐ MICHIGAN: Detroit
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Rapids Plymouth St Joseph Lincoln Park Livonia Coldwater Lansing St Clair Shores Cadillac Hancock Ann Arbor Muskegon Marquette Romulus Twnship
Grand Rapids Mount Pleasant Niles Manistee Traverse City South Haven Escanaba Menominee Taylor Township Ferndale Luna Pier Ishpeming Evart
Wyoming Iron County ☐ MINNESOTA: Minneapolis St Paul Duluth Hibbing Chisholm Winona Virginia Bemidji South St Paul Benson Moorhead Brainerd

A Report by the Council of Large Public Housing Authorities

CLPHA

Covers list all Public Housing Authorities managing 100 units or more of public housing.

PUBLIC HOUSING TODAY

A Report by the Council of Large Public Housing Authorities

September 1986

Table of Contents

	Page
Public Housing in Summary	5
Its Residents	
The Places	
Costs and Benefits	
History	
The Need for Public Housing	9
Shortages	
Waiting for Public Housing	
Discrimination	
Need for Large Units	
The People	11
Eligibility and Rents	
Incomes	
Family and Elderly	
Diverse Family Types	
The Homeless	
Variety Among Elderly	
The Places	17
Human Scale	
Modernization	
Elderly Housing	
The Budgets	21
Size of Operating Subsidies	
Modernization Funds	
Innovative Services to People	25
Breaking Welfare Dependency	
Supporting and Educating Families	
Facilitating Aging in Place	
PHAs in a Changing Environment	29
Diversification	
Using Private Sector Resources and Ideas	
Appendices:	33
A: Calculation of operating subsidy	
B: Modernization: types of repairs, timeliness of CIAP use	

Introduction

Public housing is in many ways a microcosm of America: it can be found in all of the nation's largest cities, in many of its suburbs, and in thousands of its small towns. Its architectural styles, while always constrained to incorporate economical construction, have changed through the years to reflect the public's changing thinking about design and the scale and style best for neighborhood development.

The people in public housing, while nearly all relatively poor, mirror the trends and problems in society at large. Many of them are old people who present formidable social service needs as they grow older. Many are single parents who face the same barriers in seeking a job (discrimination, lack of good transportation and child care) as low income women generally face. Many are interested in feeling a part of a community where they live, having a voice in policy at their local schools, living with assurance of personal safety even in the middle of a city.

Public housing has its leaders and heroes too. Gloria Robinson, who lives in Jersey City public housing and is active in the tenant management corporation which helps run her complex, still has time to devote to a community investigation of a nearby landfill, organizing a program to test kids for respiratory ailments it might cause. Linda Trotter, a resident of Omaha public housing for 17 years, has used the savings made possible by her moderate housing costs to help send her three talented children to college.

The view generally presented to the public and the Congress is the negative side of public housing, some of which is true: reports by HUD auditors of mismanagement, cases of tenants living without heat, graffitti-lined hallways, stories of severe crime and other community problems in high-density projects.

What needs to be presented is a more balanced view, including the success stories. Local housing authorities are responding to the many challenges faced in housing the poorest of our society with increasing creativity and aggressiveness. This report highlights some of those new measures.

PHAs provide unique services to this constituency. They go well beyond the strictly housing related services of the traditional private market. Major themes in public housing today are:

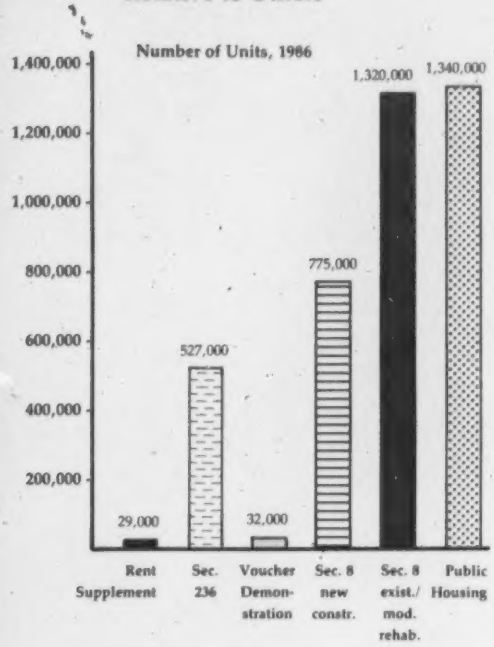
- public housing authorities are using the federal modernization program to effectively improve the livability and security of many developments, replacing dangerous common hallways with individualized entrances, creating garden spaces in which tenants take responsibility and pride, upgrading building appearance to become a finer neighborhood asset;
- public housing is becoming a center for services to families that will help strengthen their skills, education, and health and ultimately reduce their dependence on government programs;
- public housing services to elderly tenants allow many of them to gracefully "age in place" without resorting to expensive nursing home or other intensive care;
- public housing authorities are diversifying their approach to serving low income housing needs, administering an increasing number of Section 8 leased housing certificates, developing new housing using local and state subsidy programs in place of the phased out federal development program.

The one theme running through all the diversity: public housing serves primarily the lowest income of our population. Because of large families, or low paying jobs, or disability, or old age, they cannot afford to rent in the steadily escalating private market, much less reach the American homeownership dream.

Public housing is often their only option. It is a public resource already in place to serve them. Since it would not be politically feasible nor cost effective to provide alternative housing on such a large scale through either the public or private market, we owe it to our future to take good care of this valuable resource.

Figure 1

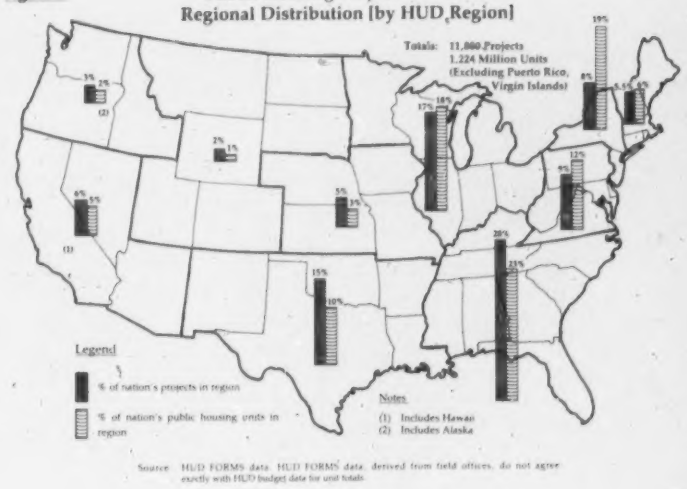
Size of Public Housing Program Relative to Others



Source: HUD Budget documents, FY 1987

Figure 2

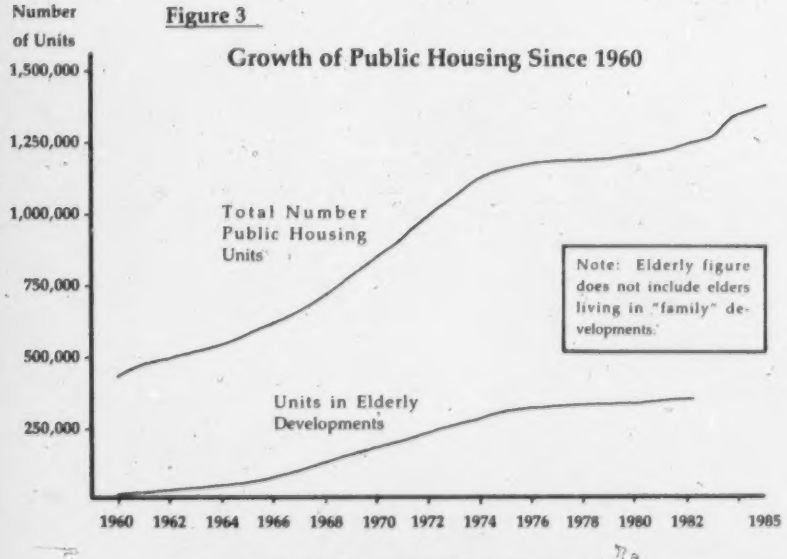
Public Housing Projects and Units Regional Distribution [by HUD Region]



Source: HUD FORMS data. HUD FORMS data, derived from field offices, do not agree exactly with HUD budget data for unit totals

Figure 3

Growth of Public Housing Since 1960



Source: Total unit figures from HUD 1987 budget data
Elderly estimates from Abt Associates project data

Public Housing in Summary

The story of public housing is diversity: diverse locations, building sizes and types, ages of structures, and tenancy. Public housing exists in over 3,200 localities throughout the country, each with a different mix of old and new, large and small developments.

A full 5% of the nation's 29 million unit rental stock is federally sponsored public housing (1.34 million houses and apartments). Another 2.5% of our rentals are public housing spawned by state and local programs such as in Massachusetts and New York. It is still the largest low income housing program in the nation, despite the federal government's marked slowdown in public housing development in recent years. (Fig.1)

Its Residents

The people in public housing are typically very poor. With an average income of $5,000-$6,000, they simply cannot afford other housing, though about 40% of the non-elderly are working families.* Rents are charged according to each family's income (the rent ratio has been raised from 25 to 30% since 1981), and average about $100/month.

Public housing serves a lower income population than other government housing programs because public housing authorities (PHAs) vigorously pursue non-discriminatory admission policies and often offer the largest size units to accommodate families. Public housing only admits tenants with incomes below 50% of median income (with limited exceptions).

The Places

Every state relies upon public housing for some part of its low rent stock, and it is particularly widespread through the Southeast. (Fig. 2) Georgia and Florida alone host over 280 separate public housing authorities (PHAs).

More than half the public housing developments contain single family homes or garden apartments. One quarter of them are found in suburban locations. Many are of relatively recent vintage, since much of the growth in public housing occurred during the early '70s. (Fig. 3) Most of the housing units are located in medium to large cities and managed by PHAs having over 1250 units. (Fig. 4)

Costs and Benefits

Why has public housing been the only housing program to have lasted for 50 years? Because the basic concept makes so much sense. The annual cost to taxpayers of public housing is lower than any of the Section 8 programs: $2631 per unit per year. (Fig. 5) Add to this the fact that most public housing will outlast the term of the debt which financed it (and some of it already has been "paid off"), and the cost over the life of the housing is lower still.**

* Taken from 1980 HUD tenant survey. See p. 12 for more recent data on employment rates from individual PHAs.

** In the Sec. 8 program, landlords are paid a prevailing rent each year the unit is occupied by an eligible family, so there is no drop in cost once the debt is paid off. Further, since public housing is publicly held, its appreciating value accrues to the public and the subsidy cost does not have to keep pace with private rent inflation. In contrast, Sec. 8 landlords are paid as much as $700 in big cities just to meet 45th percentile rents.

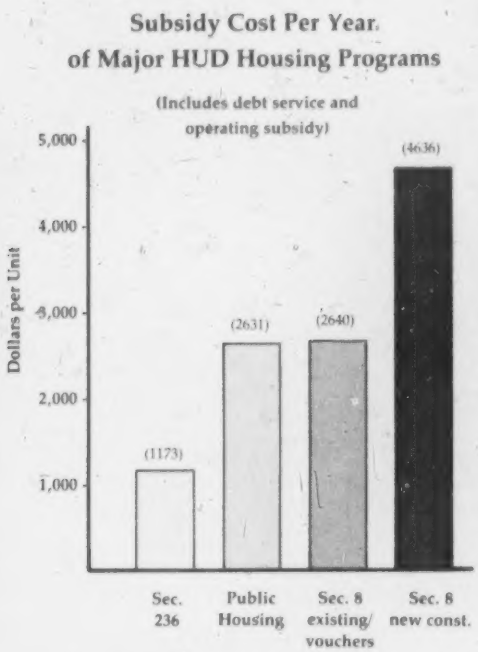
Figure 4

Units Managed by Large and Small PHAs

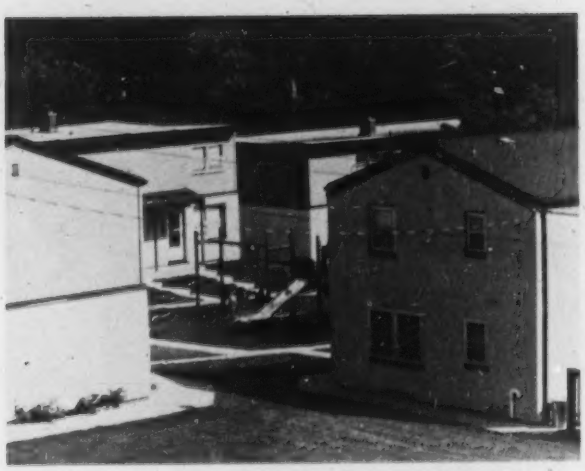
PHA Size Category	Number of PHAs	Units in These Categories
Very Small (Under 100 Units)	1,533	71,716
Small (100–499 units)	1,313	289,371
Medium (500–1,249 units)	288	177,453
Large (1,250 units and over)	140	764,862

Source: HUD Office of Policy Development & Research, 1985.

Figure 5



Source: HUD Budget documents, 1985 est.



Permanent housing: garden complex in St. Paul has housed families since 1952, with a rehabilitation in the '80s.

Bronx, N.Y. row houses have served public housing tenants since 1941.

On the benefit side, tenants are able to live in decent housing by paying 30% of their income in rent, usually working out to less than $200/month. Compare this with their fellow low income tenants in the private market, often paying 50 to 70% of their incomes for rents as high as $800 in large cities. The savings to the public housing households are crucial for payment of normal living expenses, possibly also allowing for savings to pay for an education or something as simple as a wardrobe to enter the working world.

A further community benefit: the permanence of public housing

A further community benefit: the permanence of public housing, a $70 billion public resource. It is owned and run by public agencies, accountable to their communities. Its availability is guaranteed, decade after decade, while private units are apt to disappear when their owners' profit motive dictates. The 1.34 million unit public housing stock houses an estimated 130,000 new households each year, as units turn over and a new group of tenants get an opportunity to pay affordable rents.

History

The long history of public housing (dating back to 1937) shows that it has not always been used for the lowest income of our society, but has in certain eras been mixed income housing where rents approximately covered costs. In 1950, as a program for the working class, tenant incomes were two-thirds as high as the median income for the country overall.

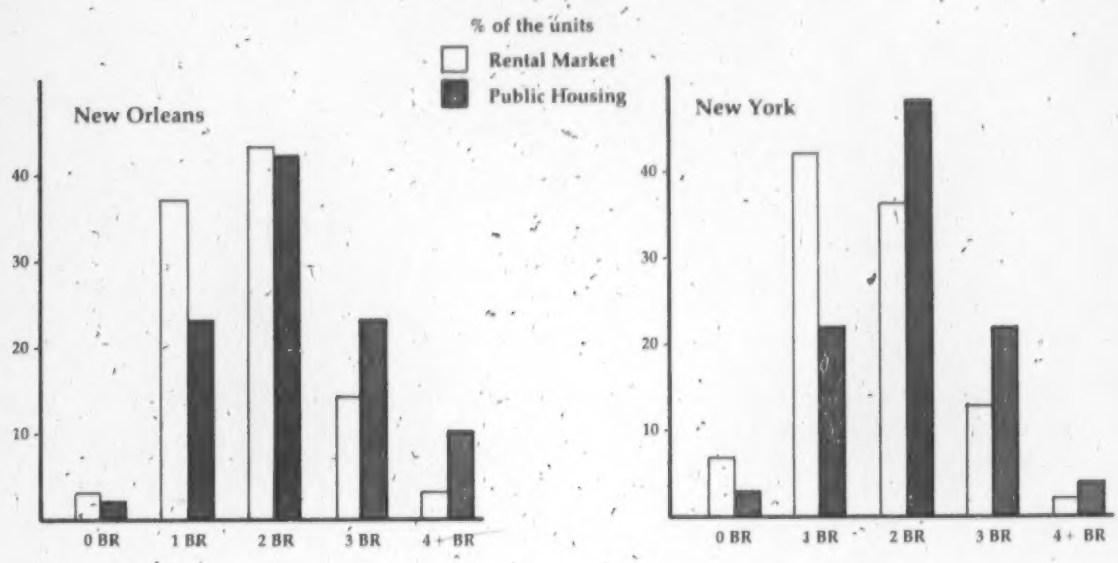
But as the middle class discovered alternative housing options in the1950's and 1960's, and as political pressure restricted public housing construction to low income neighborhoods, public housing in most cities became a poor person's program. The low income character was reinforced by an increased emphasis on building housing for elderly people, which took off as a new program in 1965.

Tenant incomes for public housing are now down to an average of less than one third the national median, except in New York City and other places where unaffordable rents lead many working class people into public housing.

Figure 6

Filling the Need for Large Family Units

Size of Public Housing Units Compared with Rental Market



Source: PHAs, Annual Housing Surveys.

Figure 7

Section 8 Certificate Holders Failing to Find Housing

	Minority	Nonminority
1 person elderly	50%	42%
1 person nonelderly	54	51
elderly couples	66	50
younger couples	67	45
1 parent, 1–3 children	75	56
1 parent, 4+ children	78	76
2 parents, 1–3 children	60	57
2 parents, 4+ children	72	75
Total	72%	52%

Source: Compiled from HUD Office of Policy Devel. & Research, 1982.
Note: Failure rates in some areas are now higher than these 1982 rates, many housing authorities report.

Row house in Philadelphia provides public housing for large families needing three or more bedrooms. Philadelphia has the nation's largest scattered site stock.

The Need for Public Housing

Shortages

Public housing fills a critical gap in the U.S. housing market, where the limited resources of the poor, near-poor, and elderly collide with the upward spiralling cost of housing. In 1985, there were 8.1 million renter households earning below 50% of median income for renters in their state, yet only 4.2 million rental units affordable to them, according to estimates by the Low Income Housing Information Service.

This gap between need and availability is most severe in California, Illinois, Maryland, Nevada, New Jersey, and Washington D.C., where there were at least two and a half times as many low income renters as affordable units.

Inflation is not the only culprit — an actual loss of units and displacement are also to blame. The combination of abandonment of the low rent housing stock in marginal areas and condo conversion of rental units in the "good neighborhoods" has led to *a loss of 500,000 low rent units* per year (1970–80), a pace continuing into this decade. Displacement of all kinds runs low income families from their homes at a rate of 2 1/2 million a year, as estimated in a 1981 HUD report to Congress on residential displacement.

The 1986 tax reform legislation promises to make the rental housing crisis worse.

The 1986 tax reform legislation promises to make the rental housing crisis worse, since rental housing production will be depressed by removal of tax incentives for housing. Pressures on rent levels will mount, and the working class, those on fixed incomes, and young householders will be hard pressed to afford private rents.

Waiting for Public Housing

Public housing, where rent is geared to what is affordable using a 30% rent/income standard, is a refuge for those priced out of the market. But waiting lists among public housing authorities have swelled to giant proportions, and many PHAs routinely suspend taking new applications in light of tremendous backlogs. In a few localities, the number of households queuing up for public housing actually exceeds the number of units in the whole public stock: New Orleans rents out 13,000 public housing units and has over 21,000 households waiting in line for them. More commonly, there is a several year wait for units, given the historical turnover rates.

Waiting lists for Public Housing

	Waiting	*Total Units*
Akron	1,720	4,784
Baltimore	13,875	17,679
Buffalo	3,039	5,069
Chicago	44,000	49,155
Greensboro	1,177	2,220
Philadelphia	8,400	20,580
Pittsburgh	2,957	9,850
Sacramento	2,755	2,791

Source: CLPHA telephone survey, July 1986

Need for Large Units

For large families, public housing is an extraordinary resource with its many 2,3,4, and 5 bedroom units. A Sec. 8 certificate holder often looks in vain for a 3-bedroom apartment within the private market.

Looking at the rental markets in New York City and New Orleans, for example, large units (2 or more bedrooms) constitute 51% and 61% (respectively) of rental apartments. In contrast, public housing offers 64% of its units in this size category in New York and 75% in New Orleans. (See Fig. 6)

Discrimination

Racial and anti-family discrimination in housing markets often makes public housing a necessity. Low income Blacks, other minorities, and families with children face bleak odds for finding units in many markets.

Compare public housing with Section 8:

In the certificate program, minority families, particularly those with children, suffer significantly higher failure rates than Whites. The proportion failing to locate a unit within the required 60 day period ranges as high as 75% (See Fig. 7).

Public housing authorities, in addition to observing non-discrimination, reach out to the low income, minority and large family community. In serving this most under-served segment of the population:

- public housing does not discriminate against single parent families or minority families, both of whom comprise a majority of tenants in most cities;
- public housing authorities provide services to meet the whole spectrum of needs, from extra educational programs and preventive health care services, to job counseling, training, or direct job placement.

The handicapped are effectively excluded from most private housing but find a home in public housing.

Morning coffee break in Houston public housing shows racial diversity it can foster.

The People

The over 3.5 million family members and single individuals living in public housing all have low incomes, but beyond that have many varied characteristics. Routine generalizations about these people miss the mark, because they are as difficult to capture with a generalization as any group numbering over three million.

They are old and young and in between, a goodly number are employed or worked all their lives (or supported spouses who did) yet must live through old age without a pension. Some never have had steady employment because of child rearing responsibilities, or due to poor education.

Further, public housing in each locality has a different degree of public acceptance, different geographic mix of housing, or operates within a different type of housing market: each of these affects the mix of tenants who live in public housing.

Eligibility and Rents

Congressionally mandated eligibility criteria for public housing now dictate its low income character, adding impetus to the market forces at work through the '60s and '70s which turned public housing away from being a mixed income program. Now, only those with incomes below 50% of area median may enter public housing.

Maximum income for an average family: about $13,600 in Cleveland, $12,850 in Las Vegas, $10,300 in Mobile, $12,800 in Omaha, $12,750 in Philadelphia. (Estimates based on 1980 Census, adjusted for inflation.)

Rents are charged according to ability to pay. That is, they are set at 30% of tenant adjusted income, those adjustments being deductions for dependents and expenses such as education, child care, or high medical bills. (The rent/income ratio was 25% until 1981, when Congress raised it to 30%, phased in over 5 years.)

Thus, a family with $8,000 income, two dependents, and moderate medical bills might pay $137/month rent (based on adjusted income of $5,500). A $13,000 income family could pay about $250/month, depending upon its expenses.

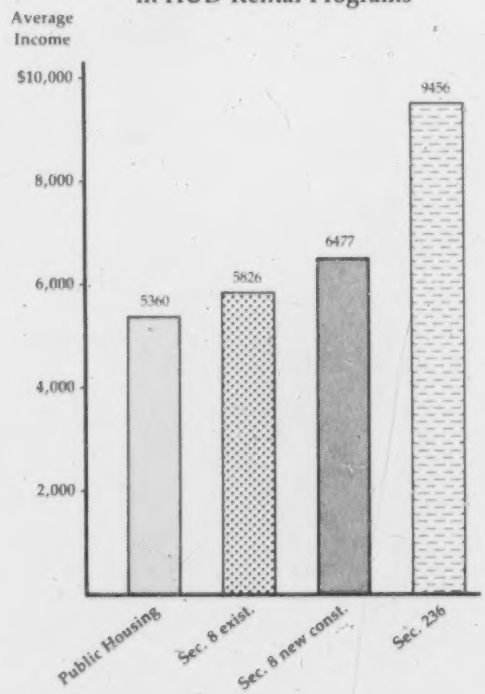
Incomes

In fact, incomes in public housing average around $6,000 per year for families and $5,000 for elderly households, well below the income ceiling Congress has set and the lowest of any HUD program (Fig. 8). Average tenant incomes range from $4290 in Louisville to $10,535 in New York (the median income of New York tenants is much lower), among PHAs recently surveyed by CLPHA.

This average has changed remarkably little in the past decade, partly because household incomes of the poor have risen most slowly in

Figure 8

Household Incomes in HUD Rental Programs



Source: HUD budget documents, taken from 1980, 1983 HUD surveys

Figure 9

Tenant Working Status and Income, 1985–86

	Non-Elderly Families			All Households		
	Number of families	% working	% on AFDC	Number	Average income	Average monthly rent
Baltimore	10,916	29%	59%	17,680	$ 5,920	$116
Buffalo	2,675	23	59	4,570	5,594	127
Charlotte	2,509	38	45	4,020	5,470	100
Greensboro	1,577	51	27	2,220	6,960	141
Louisville	3,995	24	59	5,580	4,290	85
New York City	106,388	60	39	172,970	10,535	191
Oklahoma City	1,592	34	66	2,990	4,900	89
Philadelphia	16,200	18	70	20,580	6,130	123
Rochester	1,072	41	47	2,400	8,010	174
St. Paul	1,396	27	72	4,145	n.a.	133
Sacramento	1,450	12	66	2,790	n.a.	n.a.
Seattle	2,406	30	64	6,520	5,700	129
National Sample		42%	50%		$ 5,360	$ 96

Sources: Individual PHAs from CLPHA telephone survey, 1986, most recent available data; non-elderly excludes elderly and handicapped; National sample is from 1980 HUD survey.

Daycare program within Omaha public housing frees parents to work.

Montgomery County, Md. public housing youngster in computer class.

recent years, partly because those families who improve their living standard significantly usually move into private housing.

Households moving in to Baltimore public housing during the second half of 1985, for instance, had incomes approximately 15% lower than those moving out, judging by the rents they pay.

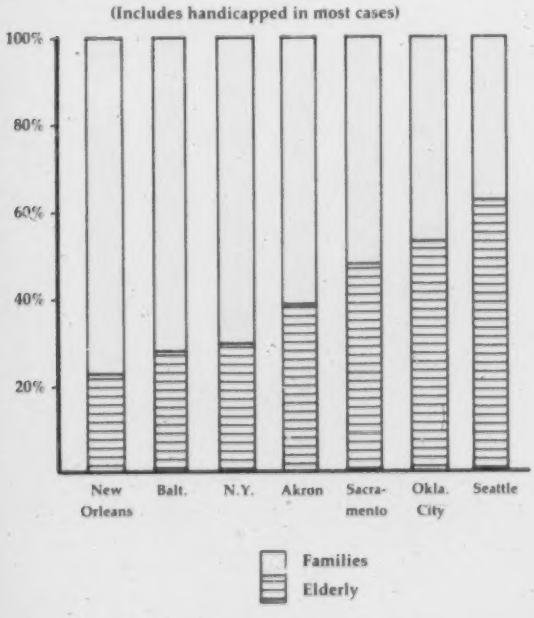
Still, working families usually comprise 25 to 40% of the non-elderly households, according to a recent sampling by CLPHA. (Fig. 9) Incomes of the elderly residents are slightly lower than the families living in public housing, heavily relying upon social security as a prime income source. Among the elderly, 70% have incomes between $3,000-$6,000.

Families and Elderly

As a general summary for the nation, about 38% of tenant households in public housing are elderly and about 62% are young and middle aged families.* This ratio varies tremendously across areas. In Seattle and St. Paul, for instance, 63 to 66% of all households are elderly, while in Baltimore and New Orleans, it is less than 30%. The elderly ratio in New York City, the largest center of public housing, rests right at 30%. (Fig. 10)

Figure 10

Proportion of Units Occupied by Elderly



Source: CLPHA telephone survey, 1986

The variations in age make-up of public housing residents have obvious implications for the physical and social needs of the tenants. It is misleading to generalize about tenants' problems or their facilities needs when public housing covers such a range of ages. Even for elderly tenants, the differences among 65 year olds and 82 year olds make for significant variations in PHA program emphases.

Diverse Family Types

The quality of life in public housing is enriched by the diversity of families and in certain cases a moderate turnover bringing in new residents.** It is not a static picture of poor, dependent families permanently ensconced in public housing.

Working families constitute a significant segment, particularly where housing authorities have intentionally pursued economic mixing. The proportion of non-elderly families with working members has always been greatest in New York City (60%), yet working families constitute at least 30% of this group in Charlotte, Greensboro, Oklahoma City, Rochester, and Seattle.

The economic diversity within public housing is exemplified by Baltimore's "family" housing developments. While the average family income authority-wide is $5,920, there are 4 developments where average income exceeds $10,000. In these cases, 1/4 or more of the families' incomes exceed $15,000. These are working families who pay $200-$225/mo. in rent, and provide a stable group of positive role models for other tenants.

For our surveyed cities, public housing households receiving Aid to Families with Dependent Children (AFDC) benefits vary from a high of about 70% of all non-elderly households in Philadelphia and St. Paul, to 40% or less in New York City and Greensboro. A national survey in 1980 put the average at 50%. Given the types of jobs available to most tenants, work and welfare may mean approximately the same

* Estimated by William Holshouser Jr. based on survey of large PHAs, in Citizens Housing and Planning Association study, "Aging in Place," June 1986.

**For example, new families entering Baltimore public housing during a 6-month period last year totaled 1,083, meaning that 6% of all households in public housing were new ones. This rate implies that half the population in public housing will change via turnover every 4 to 5 years.

Giving Something Back to the People

Martha Williams is a 44 year old resident of Richmond public housing. She has raised 6 children, now aged 18 to 25, while living in public housing in South Carolina and for the past 8 years in Richmond. While she could easily afford to rent a house in Richmond now (she pays $321/mo. in rent to the PHA), she is staying in the Creighton Court townhouse development in order to "give something back to the people" and provide a role model for younger families there.

Working with people is what Martha has done for the past 20 years, in various teaching capacities. She now teaches nutrition to low income people through the Virginia Cooperative Extension Service, and also works part-time in a drug treatment center.

As the new president of the Tenant Council at Creighton Court (500 units), she hopes to activate a pride-building and educational program for residents (money management, personal motivation, and rap groups about crime fears).

"When I was living in New York (in her teens), in a bad marriage, no education, somebody saw the potential in me — they taught me how to fish, didn't just give me a fish. That's what I want to do now: teach people how to do things for themselves, not give them things."

Martha Williams at her installation as Creighton Court council president.

"Public housing is a real stepping stone" for improving a person's life situation, she maintains. "It's a blessing if a person has a large family," as she did when she moved to Richmond with her six children and was able to afford only about $40/mo. rent.

"People need to take a different view of public housing. It's a lie that everybody here is welfare dependent, that we're free loaders. People pay their own way, and people from all walks of life live here."

A Chance to Develop

Linda Trotter is a long time resident of Omaha's Pleasantview Homes whose low rents have enabled her to send her three children through college. Explaining that public housing "has given our family a chance to develop," Linda plans to continue that development by attending college herself once her children are through.

Linda Trotter with two of her three children.

income. Buffalo, for instance, reports median income of $5957 for non-welfare families and $4776 for those on welfare.

Generally, a majority of the non-elderly are households where a single parent lives with her children, but there is also a large segment of all-adult families (married couples where children have moved away or siblings), and certainly some two-parent-with-children "traditional" families.

The Homeless

A small but growing percentage of public housing is occupied by young and middle aged single people with some sort of handicap, many of whom have been or would be homeless otherwise. Homeless families are sometimes served in public housing, yet long waiting lists mean that few of them can be immediately helped. Continued modernization of vacant units and development of more public housing is one of the only long term solutions.

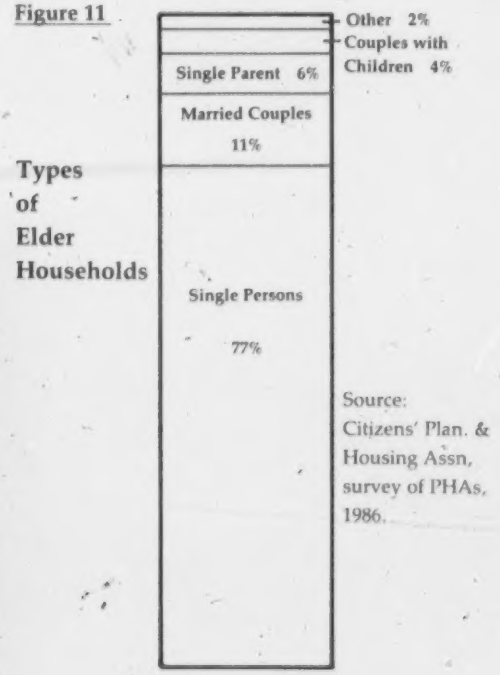
Variety Among Elderly

Older residents of public housing display as much diversity as the younger ones. They range from couples or women in their early sixties who have lived in public housing with their families for years and are successfully "aging in place," to widows who move into public housing when they already are older. Most of the elderly in public housing now live alone, but 23% live with a spouse or children. (Fig. 11)

The elderly are more dependent on public assistance than their younger counterparts in public housing. About 90% rely on social security for all or part of their income, sometimes combined with Supplemental Security Income or other benefits. Only about 15% have a pension, probably mostly vested in men who live with their wives in public housing. Fewer than 5% of the elderly earn current income from a job.

Avid gardener at an Oklahoma City senior development.

Figure 11

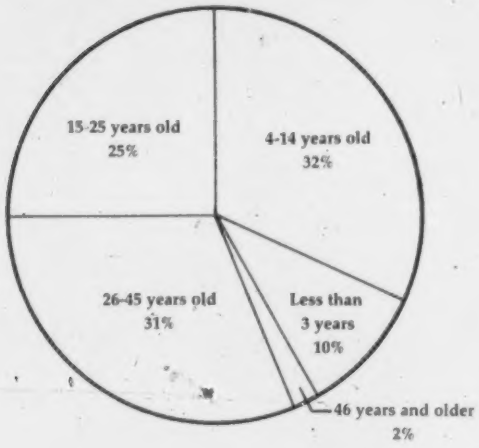


Source: Citizens' Plan. & Housing Assn, survey of PHAs, 1986.

Figure 12

Age of Buildings - 1985

(# of years and % of units)



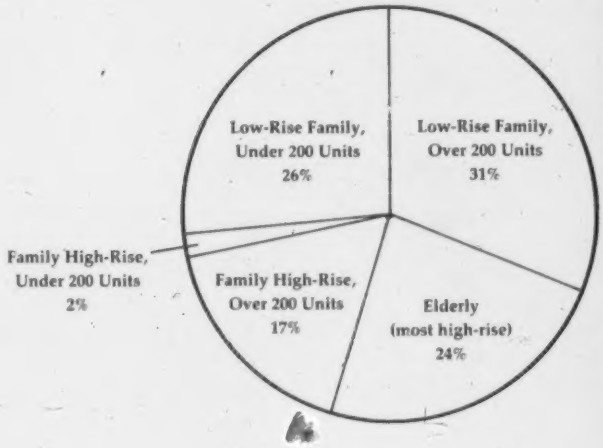
Note: Unit total of 1.26 million reflects lower count in FORMS data base than appears in budget data.

Source: Abt Assoc. compilation of FORMS data, as of 1982, plus estimate of 1982-85 additions from HUD budget data.

Figure 13

Building Design

(% of units)



Source: Abt Assoc. compilation of FORMS data as of 1982

Seattle scattered site family development completed in 1984 blends into the neighborhood landscape.

Public housing in Baltimore resembles typical row houses of the city and achieves a human scale in a large development.

The Places

Think of the "average" public housing development and you are probably wrong. The perception that highrise towers in massive density represent typical public housing is merely the result of the high profile which these particular developments have taken on, precisely because they are so huge.

In fact, a majority of housing units and developments have a more human scale with 4 stories or fewer. Even though many of them are clustered in garden apartments with many units (most more than 200 units), these complexes resemble conventional large scale suburban apartment developments more closely than they do the behemoth towers which dominated the scene in 1960.

That the public housing design mentality evolved through time, from an urge to start whole new communities in near-1000 unit developments to the current philosophy of blending into existing neighborhoods, parallels a national trend in urban development. Overlay the peculiarly stiff constraints for public housing of finding sites acceptable to the local residents and building within stringent federal construction cost limits, and you get the unique mix of old, new, large, small, well proportioned and out-of-place housing which is public housing today.

A look at the history of average project sizes shows the lessons learned in the public housing program:

Date of construction	*Avg. size*
1940 and earlier	450 units
1941–50	269 units
1951–60	135 units
1961–70	94 units
1970–85	75 units

(Sources: Abt Assoc. for 1940-82, FORMS for later data)

Human Scale

Actually, the early era's large project size belies its low density, small scale character. Many of the earliest projects were walk-ups suitable to families, while it was later (starting in the late '50s) that the superblock high rises began to appear. The latter trend reflected the push to maximize units yet retain a lot of open space around the buildings, at a time when security problems had not yet mounted into a major design concern.

Starting in the 1970's, the building philosophy has changed radically, to favor garden style apartments for families, increasingly in small scattered locations. Congress in 1974 virtually outlawed further high rise building for families, limiting their recent development to those designed for the elderly or family housing built under extenuating circumstances.

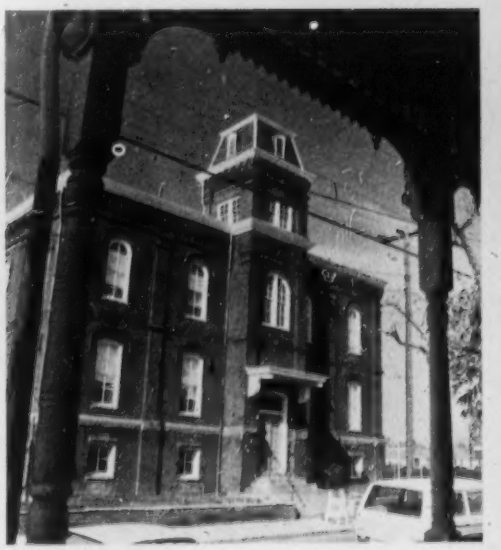
Starting in the 1970's, the building philosophy has changed radically, to favor garden style apartments for families, increasingly in small scattered locations.

The newer public housing being built in most of the country is designed to be hardly noticeable as low income housing, but rather to provide a decent home for poor people who want

Las Victorianas, an award-winning design of scattered site family housing in Sacramento.

Elderly public housing in Murphysboro, Ill. was created from the 62 year old Daniels Grocery Co. building.

Even in a 580-unit complex, children grow up in a "neighborhood" atmosphere in St. Paul.



Old Randolph School was converted into elderly public housing in Richmond.

to be regular members of the community. The latest 10% of the public housing stock, completed within the past 3 years (under contracts dating from the late '70s), has slipped into place in local landscapes across the country without much ballyhoo.

Modernization

At the same time, extensive modernization undertaken through CIAP (Comprehensive Improvement Assistance Program) is converting older developments into more humane, secure, and attractive housing. In the past six years, Congress has provided over $5 billion in loan authority (twice that in budget authority) to undertake repairs ranging from complete rehabilitation to emergency replacement of a rotting roof. These are repairs which would be needed in any older buildings, no matter who the owner. They also reflect the changing housing standards in the U.S. since the 1950's, such as requirements for standard size rooms and kitchens with cabinets.

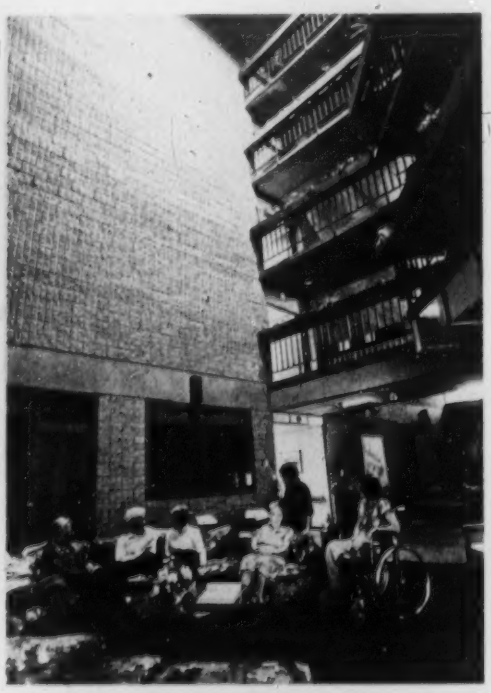
Much of the rebuilding under CIAP has eliminated dangerous hallways to provide more secure individual entrances, fenced off formerly untended open spaces into private garden spaces for families to care for, and undertaken scattered demolition to create a more spacious and liveable home environment. (See Appendix B for more on CIAP budgeting and construction timetables.)

Elderly Housing

On average through the years, elderly developments have been smaller than family oriented housing, for three reasons:

- elderly housing is more concentratated among suburban areas (comprises 35% of suburban public housing compared with 27% overall)
- elderly housing is more often built by small housing authorities (based on comparison of household data from large authorities with overall composition)
- elderly housing is of more recent vintage (over half of it less than 15 years old, compared with less than a third of family housing being that recent).

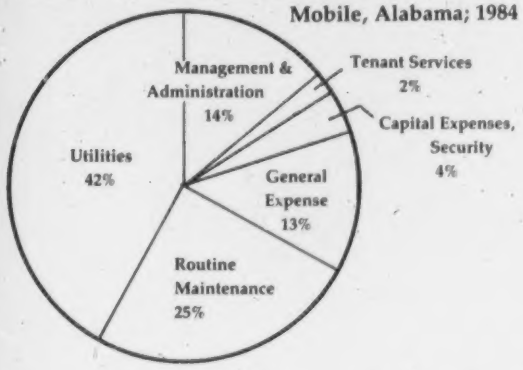
Small scale elderly housing in Mobile.



A modern high rise for seniors in Oklahoma City.

Figure 14

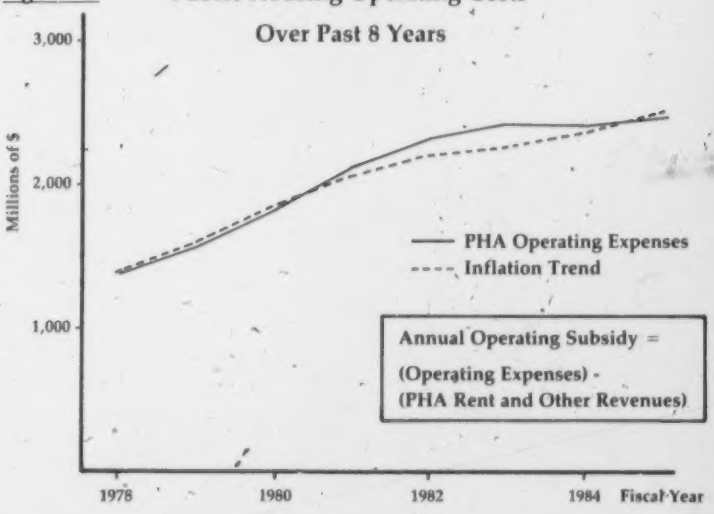
Operating Expenses in Sample PHA: Mobile, Alabama; 1984



Source: Mobile Housing Board annual report, 1984

Figure 15

Public Housing Operating Costs Over Past 8 Years



Source: PHA operating expenses is sum of Allowable Expenses plus Utilities, standardized for growth in number of units since 1978.

Inflation trend line is 1978 actual expenses, updated annually using CPI-Shelter index, U.S. Bureau of Labor Statistics, standardized for growth in number of units each year.

Figure 16

Average Monthly Operating Costs in Selected PHAs (FY 1981)

	Number of Units Under Management	Total Monthly Costs/Unit	Monthly Tenant Contribution	Monthly Operating Subsidy
Large PHAs (5,000 units +)				
Birmingham, AL	6,702	132	61	66
Boston, MA	12,757	274	67	206
Chicago, IL	38,627	211	58	150
Los Angeles, CA	8,213	163	101	55
New York, NY	147,288	277	140	131
Medium Sized PHAs (1,500–4,999 units)				
Greensboro, NC	2,175	142	84	52
New Bedford, MA	1,648	188	97	83
Peoria, IL	1,925	150	61	86
Small PHAs (Under 1,000 units)				
Inkster, MI	355	142	118	21
Mifflin County, PA	220	120	102	14
Temple, TX	326	77	71	—

Source: HUD 1981 report as revised by President's Commission on Housing, Commission report, 1982, p. 34.

The Budgets

Public housing is operated by professional housing managers, and done efficiently in almost all cases (as evidenced by its better cost record than other current subsidy programs). Two types of annual appropriations are required to keep public housing going, however, given the budget procedures and low income targeting which are imposed on it.

First, the operating subsidy (now costing about $1.4 billion), covers the gap between revenues, primarily tenant rents, and normal operating expenses. Substantial subsidies have been paid since the early 1970's, when rent ceilings were first imposed to limit a tenant's rent burden to 25% of income. Once tenant rents were capped, PHAs were destined to run chronic deficits because of sheer mathematics.

The example of the Mobile Housing Board budget shows that operating expenses consist primarly of utility bills (even in the South) and maintenance of the 4100 units of housing it manages. (Fig. 14) There are no "frills" to be cut from such budgets.

The second type of annual appropriation, modernization capital allocated under CIAP (Comprehensive Improvement Assistance Program), fills the inevitable need for major systems repairs to aging housing. The needs of public housing are no different than private housing, but the system of paying for improvements is.

Sec. 8, Sec. 202, and other subsidized projects have generous allotments for reserves built into their rent schedules, circumventing the annual funding game PHAs must play.

While any prudent landlord sets aside "replacement reserves" annually to cover the unavoidable bills for a new roof or major plumbing repairs after 10 to 20 years, HUD's budget system for PHAs has not allowed them to schedule such reserves into their regular budgets.

Alternately, underfunded reserves in the private market often means abandonment, or sale of a distressed property with the new owner making major repairs and increasing rents accordingly. The abandonment or turnover options are not taken in public housing either. Thus: the annual funding of modernization for selected projects each year.

Sec. 8, Sec. 202, state agency financed, and rural rental (Sec. 515) projects all have generous allotments for reserves built into their rent schedules, circumventing the annual funding game PHAs must play.

Size of Operating Subsidies

Operating subsidies have been increasing each year in tandem with the general inflation in the U.S. housing market. (Fig. 15) By definition, the basic expense calculation (Allowable Expense Level, or AEL) is allowed to increase only as much as a given inflation index. (See Appendix A for complete explanation.) The subsidy provided by Congress has increased slightly faster, since tenant incomes and rents (the PHA's major income source) have not increased as quickly as costs.

By running a tight operation, shaving vacancies down to only 1.4 percent, and maintaining nearly zero collection losses, Mobile's PHA required only $72/month in federal operating subsidy in 1984. Yet this was still 60% higher than it was in 1980. Authorities managing units in higher cost markets, colder climates, and with greater maintenance problems require substantially higher operating subsidies.

Variations among PHAs are illustrated in Figure 16, depending upon their unit mix, the income levels of their tenants, and the cost picture in each locality. The national average operating subsidy per unit is now $85/month ($84 in FY84)*. (Total subsidy per unit in Fig. 4 reflects this subsidy plus the debt service paid annually.)

Total operating subsidy, 1984

	Total Cost	Per unit per month
Allow. Expenses	$1,719.7	$119.42
Utilities	1,033.4	71.76
Other costs	6.6	.46
Total Cost	$2,759.7	$191.64
Income	(−)1,549.9	107.63
Operating subsidy	$1,209.8	$ 84.01

Totals in millions of $, per unit based on 1.2 million units, estimated number (out of 1.3 million total) needing operating subsidy

"Before" and "After" shots of Jefferson Park, Cambridge, Mass. show new entrances and garden spaces achieved under comprehensive modernization.

Beautifully rehabbed public housing in the Mott Haven section of the Bronx.

Skyrocketing insurance costs are now causing a particular hardship for PHA budgets, since current 200–300% premium increases cannot be met without cutbacks elsewhere, often in maintenance.

Modernization Funds

The HUD modernization program, CIAP, was born in 1981 in answer to the growing need for systems repairs. Previously repairs were made out of ad hoc allocations, but now a significant $6 billion repair effort has been launched (counting up loan authority for FY 81–86). The House raised the ante for FY87 up to $1.4 billion in CIAP, under the HUD appropriations bill it passed. (See Fig. 17).

Continuing appropriations will be needed beyond 1987 to address the outstanding national repair needs, which will be assessed in HUD's modernization study to be completed by Abt Associates in late 1986.

Both physical plant and management systems improvements have been made through CIAP, and several different categories of physical improvement have been funded. Most popular have been truly "comprehensive" repair programs, replacing several major systems, often reconfiguring units to make them larger and create individual entranceways to enhance security. About 65% of all funds in FY 1981–84 were allocated to this use.

Washington Elms in Cambridge, Mass.: vacancy rate before CIAP, 47%, and after CIAP, 1.5%

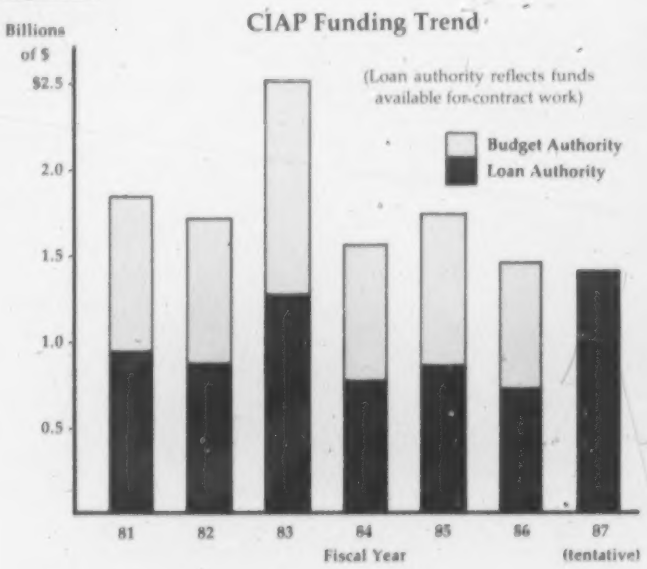
Emergency modernization in response to health and safety threatening conditions in run down units has consumed almost 20% of the funds. (See Appendix B for further details on types of use.)

Sizeable reductions in vacancies have been achieved through many major rehabilitation projects. For example, the Washington Elms complex in Cambridge, Massachusetts, crime-ridden, unstable, with cramped apartments and little open space before CIAP, faced a 47% vacancy rate. After rehabilitation this well functioning development is readily marketable and runs a 1.5% vacancy rate.

Much of the CIAP money has not yet actually been spent, due to the complex HUD processing procedures and the difficult work inherent in major rehabilitation jobs. Among 65 work projects tracked by CLPHA, it has taken 51 months to complete an average FY82-funded CIAP project. A breakdown of the stages involved is outlined in Appendix B.

The full cost of public housing, like that of any housing, also includes payments to cover capital costs of construction. Public housing debt service costs in most of the past 30 years have automatically been paid by the federal government under "Annual Contributions Contracts." Since 1985, the Treasury has been "paying off" the public housing debt with direct appropriations, but the true cost remains at about $1480/year per unit, or $123 per month.

Figure 17



Source: HUD Budget

Note: 1987 funds approved by House Appropriations Committee, reflects shift to capital grant where budget authority equals loan authority.

Public housing kids are tutored by employee of First City National Bank, which "adopted" a family development in Houston.

Tennis program for children in Mobile public housing.

Job application center in public housing complex, Montgomery County, Md.

Wilmington's "Women in Construction" program gives on the job training.

Innovative Services to People

PHAs are responding creatively to the continued high welfare dependence among families and the progressive aging of the older population. A whole battery of new programs have evolved in the past few years, program ideas which don't come from Washington but are hatched to meet the needs which housing managers see and experience daily.

Breaking Welfare Dependency

■ Greensboro North Carolina's authority has set up a job application bank for private employers to recruit tenants. A local hotel now gets many of its workers from public housing, and even sends a van to pick up workers daily. Buffalo has a similar job bank.

■ Jersey City initiated a home health aide training program for residents, paying the Health Care Institute for the training using CIAP management funds; 13 young people graduated with this very marketable skill at the end of 1985.

■ PHAs themselves hired residents to get training in housing maintenance and/or construction work in Cleveland, Washington D.C., Akron, Cincinatti, Baltimore, Buffalo, New York, and elsewhere. In some cases, tenants will work under skilled union supervision. Supporting funds come from: Proctor & Gamble (100 job training slots in Cincinnati), Private Industry Council (Akron), HUD modernization funds. Tenants hired for vacant unit turnaround in Baltimore are paid through the operating budget.

■ The WORK FORCE program in Cambridge, Mass. introduces work orientation to 13–19 year olds, including a trial work experience, pairing with a "Vocational Big Brother/Sister" on the adult's work site, and participation in a youth-run recycling business.

■ Akron's authority is coordinating a housing-education-day care initiative to allow 50 mothers to return to high school or college while receiving subsidized housing and guaranteed day care, under a HUD "Self-Sufficiency" pilot.

■ Cleveland has launched a program to pair up public housing residents with "Mentors," women who are leaders in the community, who counsel and serve as role models for tenants.

Young people getting maintenance training in Jersey City's Minority Youth Training Initiative.

Supporting and Educating Families

■ Health education seminars, including teen pregnancy counseling, are run regularly at Akron public housing developments by local university health care students.

■ Houston's computer tutorials for children in grades 3–5 give a whole new meaning to after school homework. Held at community centers in two public housing complexes using public school teachers, about 100 children are strengthening reading and math skills, and some parents are starting to pick up computer skills too.

■ The Continentals, a Black women's service group which has adopted the Whitcomb Court development in Richmond, now tutors resident children, coordinates a health screening clinic, takes kids out to concerts and plays. Literacy Volunteers of America, also a private voluntary organization, now holds regular classes in Buffalo public housing.

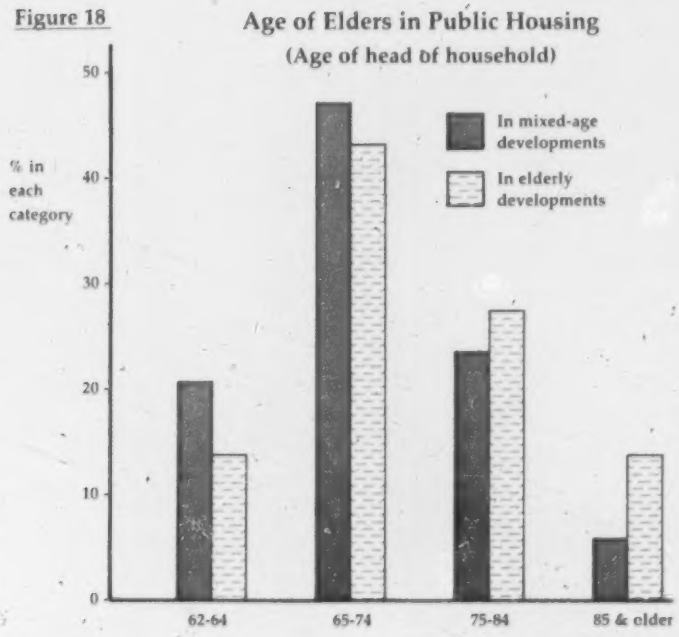
■ Home skills are taught to each family entering Houston public housing under a contract with Houston Apartment Association trainers. The 18-hour pre-occupancy training course covers minor plumbing and electrical repair as well as housekeeping and gardening.

■ A truly remarkable learning enterprise in Cambridge, Mass., the Jefferson Park Writing Center, has molded creative writers from public housing residents. They use discussions of their

Housing Authority Symphony, New York City.

Extra security protection enhances quality of life for senior residents of Houston public housing.

Figure 18



Source: William Holshouser-Jr., "Aging in Place," June 1986.

own journals and readings of classic works, particularly those focusing on minorities' experiences. Participants now perform readings of their own works throughout Boston and Cambridge.

■ Child care centers are operated in PHA-owned facilities in scores of cities. Often these centers are operated under contract to child care providers, but in Omaha, for instance, the housing authority runs its programs through its own non-profit subsidiary.

Facilitating "Aging in Place"

About half of the elderly live alongside younger families in "mixed" public housing. One fifth of these people are just 62-64 years of age, and most of the rest are under 75. (See Fig. 18) Those in this situation tend to have lived there for a long time: 43% of them for 15 years or longer, probably having grown older in the same apartment. Most of those living in this environment (families intermixed with elderly) are really the "young old."

The age distribution is somewhat different in public housing designed for the elderly. The "frail elderly" who are 85 years old or more, those most likely to need assistance with housekeeping, cooking, and other services, are concentrated in these elderly developments. They comprise 14% of the residents of elderly developments.

In both cases, much of the service needed by older public housing residents centers around frequent communication and support from other people, whether they be trained professional servicers or neighbors who share a need to have a network of concerned friends. Housing authorities have created formal structures for such regular contacts and recruited outside resources to lend a helping hand to their senior residents.

■ New York City's elderly support program hires a semiprofessional, on-site adviser in ten housing developments, available 24 hours a day for crisis intervention, counseling, or referrals to other services. Living in the development, the advisor becomes familiar with problems and is accessible for frequent contacts with all the elderly residents.

■ Akron's PHA maintains a "mobile pharmacy" for preventive health care in senior housing. It makes weekly visits to residents recently returned from health care facilities, and keeps a computerized medication file to track under- and overutilization of drugs. A local pharmacy and Ohio State University are cooperating with the housing authority on this project.

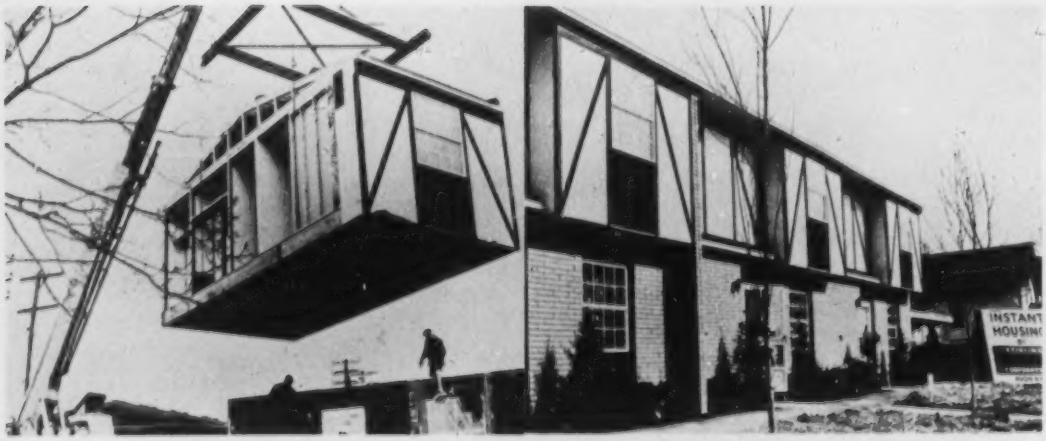
Exercise class in Wilmington senior housing development.

■ Rochester uses a Council on Aging grant to assist recently hospitalized residents in their transition back to independent living in public housing. The shared-aide system provides as much care as is needed at the time, up to 24-hour superivision.

■ Mobile emphasizes support for a healthy, productive older population through its multi-purpose center in the largest elderly public housing development. A multi-faceted program of hot lunches daily, arts/crafts, exercise programs of aquatics and dance, social work, counseling, health screening, and library facilities, all contribute to a vital living environment. A volunteer program through which elderly tenants can work for one of 68 community agencies also enhances their self-esteem. Transportation is available from each public housing complex to the center.

Helping the Talented Young is often a special goal within housing authorities' social programs. Oklahoma City is now starting a scholarship fund for first year college expenses for a selected resident; fundraising this year in a Jersey City development helped send high schooler Wanda Haynes on a two month study in Japan under a U.S. Senate scholarship; housing authority staff chipped in so that an 11th grader from Richmond public housing could travel to Germany in a cultural exchange.

Richmond Redevelopment and Housing Authority turned vacant houses into home ownership opportunity for former public housing tenants, under a homesteading program.



Rochester public housing built using pre-fabricated construction technique.

PHAs in a Changing Environment

Housing authorities are adapting to today's realities for public housing. Already we have seen that the type and scale of buildings has changed dramatically to conform to new small scale preferences of the public and of tenants themselves. The range of educational, job, and health services offered through the authorities has expanded and been adapted to different needs for each group of tenants.

Management and development strategies are adapting too, as housing authorities search for the most efficient ways to maintain their current public stock and continue to expand availability of affordable housing. Even in an era of tight budgets at all levels of government, the need for ever growing quality and quantity of low rent housing is compelling.

Diversification

With federally-funded public housing development now at a near standstill, housing authorities are serving their low income constituencies through alternative programs. By making available HUD Section 8 certificates, financing private development of mixed income housing with PHA tax-exempt bonds, utilizing state and local government subsidy for housing rehabilitation, and offering unique services through new subsidiary corporations, PHAs are molding new routes to a well rounded housing service program.

The Section 8 certificate program, where HUD pays private landlords to house lower income families, involves housing authorities in income certification, marketing, contract monitoring and housing inspection. In return, PHAs earn administrative fees. In some localities, this program now serves more families than does public housing.

Offering tax-exempt financing to private developers, PHAs have made a major contribution to expanding the low rent stock in some localities, a particularly suitable job for those housing agencies which have combination housing and redevelopment functions.

■ The Montgomery County, Md. Housing Opportunities Commission financed Village House, a mid-rise congregate care complex for elderly people who need some assistance to maintain independent living. In exchange for HOC financing, the private owners will rent 20% of the units to low and moderate income households. As a preventive measure against displacement, HOC financed the resale of Hewitt Gardens at a below-market interest rate to avert a condo conversion, the new owners agreeing to rent half the units to low-moderate income families.

■ In Las Vegas, the authority is helping finance a $4.6 million senior service center, which the state will lease to provide day care, legal and financial counseling, and other state services to seniors.

■ Portland, Maine's authority has used a new subsidiary corporation to offer low- and no-interest loans for non-profit housing projects, including rehab of the City Hospital into congregate housing, rehab of a care/living center for alchohol dependents, and assistance to a Red Cross program to house victims of catastrophes.

■ The Sacramento authority recently helped write down costs for a 50 unit downtown development, selling city-owned land in exchange for a 15 year agreement to rent several units to very low income households.

■ The special need for Single Room Occupancy (SRO) housing for single individuals, including the chronically mentally ill, has led housing authorities in Seattle, Sacramento, Brookline and Cambridge, Mass. to redevelop downtown properties for this use. Innovative combinations of funds are used, such as Seattle's recent acquisition of a 158 unit SRO using seller take-back, bank, and city loans.

Using Private Sector Resources and Ideas

Local businesses are increasingly interested in helping maintain public housing quality, because of the important contribution public housing makes as an employer and a market, often in downtown areas. Further, new approaches to public housing management incorporate ideas from the private sector.

TENANT MANAGEMENT INITIATIVE

Giving public housing tenants a significant management role has breathed new life into distressed developments in a number of cities. Jersey City offers one of the more dramatic examples of how a *partnership* between residents and the local authority transformed two public housing communities, A. Harry Moore and Montgomery Gardens.

In the early '70s conditions at the densely populated, high rise sites (660 and 460 units) were abysmal; vacancies, vandalism, fear and hopelessness were the daily norm. These conditions were gradually turned around, first through a pact under which the JCHA refurbished public spaces (lobbies, hallways, stairwells) and resident leaders organized lobby patrols and building organizations to protect the improvements ('73-'76). Second, a not-for-profit Tenant Management Corporation (TMC) was formed, with a democratically elected Board and its own paid management staff, which accepted responsibility for daily site operations ('78-present).

Since the late '70s, both sites have seen noteworthy improvements in terms of both standard real estate management indicators (e.g. reduced vacancies, improved rent collections, maintenance productivity) and more qualitative social measures (e.g. reduced crime and vandalism, tenant dispute intervention, sponsorship of security, social and recreational programs). In both communities, a quiet sense of hope that emanates from pride in achievement is unmistakable.

In Jersey City and in colleague communities with their own TMC stories, Boston, Louisville, New Orleans, Rochester and St. Louis, conditions at tenent-managed sites are far from perfect; poverty and its corollaries persist. And the turnabout process was far from easy and anything but simple.

On the community side, a relatively stable population, a veteran cadre of experienced leaders, intensive training and much fortitude were essential ingredients. On the housing authority side, professional management support, decentralized management and maintenance systems, sufficient federal operating subsidy and substantial modernization grants were fundamental components. For both residents and local authorities, an unswerving commitment to the process and each other has been the element which holds the often fragile chemistry in balance.

Nonetheless, and difficulties aside, what stands out is that in Jersey City, A. Harry Moore and Montgomery Gardens are no longer "terminal cases," but rather stabilized communities struggling to make a better life for their residents.

Chairwomen of the Booker T. Washington and Montgomery Gardens Tenant Management Corps. and a tenant manager at graduation ceremonies.

Tenant participation through the tenant council system: high rise council presidents confer with staff of the Wilmington PHA.

■ Houston has augmented its supply of units through an extraordinary partnership with private apartment owners. Owners have each donated a few units within unsubsidized complexes for low income use, under the aegis of the Houston Apartment Association, so that 200 families from the public housing waiting list (who passed a special screening) now live in these middle income developments.

■ Computers were donated by IBM to the Toledo (Lucas Metro) housing authority to help pre-schoolers develop reading skills in a new computer learning center on a public housing site.

■ Louisville has established a non-profit subsidiary to the PHA to provide certain services to its own projects and to generate revenues from selling contract services. Computerized management records are now maintained under contract to several smaller PHAs in the state, and the subsidiary will perform asbestos removal in Louisville and other localities at lower cost than by using direct housing authority employees.

■ A non-profit subsidiary in Oklahoma City is providing security services to privately owned apartment developments, as a means of raising revenues for public housing.

■ Las Vegas' housing authority has met the insurance crisis with a self-insurance fund to replace its fire, auto and liability insurance policies, now that outside coverage is no longer affordable. Three years of $350,000/yr. contributions to this fund are expected to satisfy the authority's needs.

Public housing (middle unit) built as part of a private development in Montgomery Co., Md. in exchange for zoning concessions.

Appendices

Appendix A: Public Housing Operating Subsidy

History

Before 1960, there was no operating subsidy for public housing. The federal government paid debt service and the PHAs covered their operating costs out of rents and other income (e.g. investment income). Due to the increasing concentration of very low income households in public housing during the 1950's and 1960's, however, rents were no longer adequate to cover operating costs. The federal government began to give PHAs small grants for elderly and large households, but these too soon became inadequate.

Around 1970, two major changes occurred. The Brooke Amendment capped rents PHAs could charge at 25% of adjusted tenant income, resulting in a major decrease in PHA rental income. To fill the gap, therefore, a federal program was established to provide operating subsidies, equal to the difference between actual PHA costs and their allowable income.

In order to prevent PHA costs from running out of control, however, today's Performance Funding System (PFS) was established in 1975. Studies were made to determine what should be the Allowable Expense Level (AEL) for each PHA in 1975, based upon certain of its operating characteristics (number of units, average number of bedrooms, average building height, size of the metropolitan area, etc.). Since 1975, the only significant change in the "per unit" Allowable Expense Level for each PHA has been an annual inflation factor prescribed by HUD.

Utilities are calculated separately (including heating costs). To a large extent these are treated as "pass throughs," allowing for the full effect of price increases. There are incentives to energy conservation, however, in that half of the savings realized from reduced consumption can be kept by PHAs for up to 3 years.

How Much Operating Subsidy is Provided?

The amounts actually obligated by HUD for public housing operating subsidies in recent years are shown below:

FY81 $1.11 billion
FY82 $1.25 billion
FY83 $1.15 billion
FY84 $1.20 billion

There has been a major slowdown in the growth of the subsidy, primarily for two reasons. First, the tenant rent contribution was increased from 25% to 30% of income by Congress' passage of the Omnibus Budget Reconciliation Act of 1981. This increase was phased in as five annual 1% increases, which are now completed. The second reason is that inflation, particularly in utility costs, has been much lower since 1981 than in the late '70s.

Each year HUD calculates the expected future need for operating subsidies as part of its budget request to Congress. The major elements of that calculation are (using actual FY84 figures as an example):

	$ millions
Allowable Expense Level	$1,719.7
Utilities	1,033.4
IPA audit and other expenses	4.2
Add-ons, Soc. Security, unemploy.	2.4
Sub-total expenses	2,759.7
Projected PHA income	(1,549.9)
Balance ("PFS Base")	1,209.8
Non-PFS PHAs (Guam, Puerto Rico)	49.3
Misc. other adjustments	(56.2)
Total operating subsidy obligation	$1,202.9

Assuming 1.2 million public housing units in FY84, average AEL nationwide works out to $119.41 per unit per month (PUM), while the PFS Base (actual subsidy for PHAs included in the PFS system) was $84 per unit per month.

Such "average" figures are misleading, however, since PHAs vary widely in what HUD allows them for operating costs, and many PHAs receive no operating subsidy at all. Some PHAs had AELs over $150 PUM while others have been forced to operate at under $80 PUM. In many cases, variations reflect the differences in cost among different PHAs, but in others they result from inequities in the original calculation of the PFS. In still others, there are inequities stemming from changes in PHA operations over the past 10 years (e.g. additional procedures mandated by federal regulation) for which expense calculation adjustments have never been made by HUD.

The figures also show that over 37% of total operating costs in FY84 went for utilities. Since these bills *must* be paid, the areas of PHA operation that get short shrift under inadequate operating subsidies generally are management and maintenance.

How Do PHAs Get Operating Subsidies?

For purposes of illustration, federal FY87 is used in the following example of the procedure under which PHAs would normally obtain their operating subsidies.

- ☐ August 1985: HUD makes its operating subsidy projections for FY87 and begins reviewing them with OMB.
- ☐ December 1985: HUD/OMB reviews completed.
- ☐ February 1986: President submits proposed FY87 budget to Congress.
- ☐ September 1986: Congress completes action on FY87 budget.
- ☐ October 1986: Federal FY87 begins.
- ☐ Oct./Nov. 1986: HUD prepares notices to PHAs, giving them directions on inflation factors and other requirements for turning in their FY87 budget requests.
- ☐ December 1986: PHAs with fiscal years beginning 1/1/87 submit their budgets to HUD for review. Goal is to have approved budgets by December 31, but for a variety of reasons this rarely occurs.

For administrative convenience, PHAs are put into four groups, with local fiscal years beginning in January, April, July, or October. Most large PHAs have January or April fiscal years. PHAs submit proposed budgets to HUD approximately one month in advance of their local fiscal years.

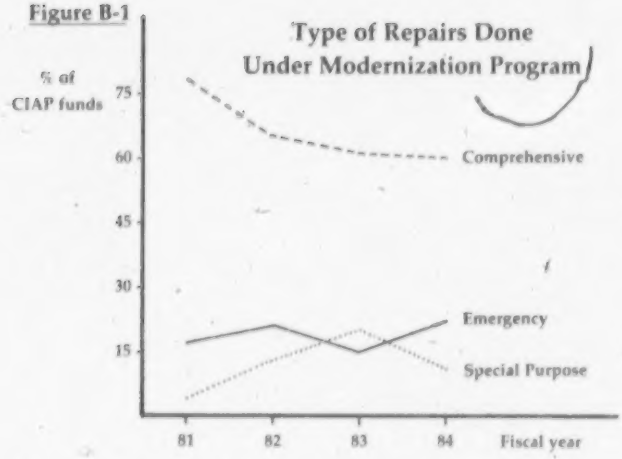
The "October" PHAs will continue receiving FY87 operating subsidy until 9/30/88, i.e. operating subsidy contained in the FY87 budget will actually show up as outlays by HUD in both FY87 and FY88.

An important point from the above example is the long time period — *3 years* — between HUD's original estimate of FY87 subsidy needs (August 1985) and PHAs' receipt of their final FY87 payments (September 1988). Obviously HUD's original projections of operating subsidy needs cannot be expected to be perfectly accurate three years later, given fluctuations in actual inflation rates.

During the past five years, if higher-than-expected inflation has created a need for an upward adjustment in the PFS, HUD has ignored it. In some years, Congress has provided such increased subsidy after direct requests from the PHAs themselves.

The most immediate and urgent case where such an upward adjustment is needed is for PHA insurance costs. In the last few years alone, PHA insurance costs have *at least doubled* on the national average, while HUD has allowed PHAs only an increase of +3% in their Allowable Expense Levels. The result is a critical shortfall in operating subsidies, close to $100 million per year. Many PHAs are facing an extreme financial crisis as a result.

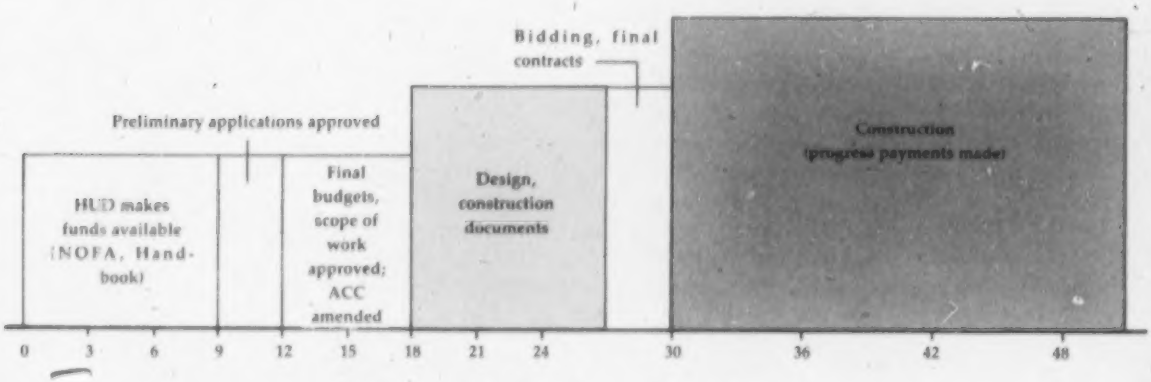
Figure B-1



Source: CLPHA analysis of HUD figures.

Figure B-2

Timetable for Public Housing Modernization, by Major Stages



Source: CLPHA survey of 65 modernization projects using FY 1982 funds.

Appendix B: Public Housing Modernization

Types of Repairs Made

The CIAP modernization program finances capital improvements ranging from complete replacement of several major systems, to more "quick fix" solutions to limited problems, to computer systems designed to improve energy efficiency.

With the funds allocated under the CIAP program in FY 1981–84, housing authorities have primarily invested in so-called comprehensive modernization, or replacement of major systems. Fig. B1 shows that a majority, though a decreasing proportion, of funds go toward this end. Emergency improvements in response to unsafe or unhealthy conditions, whether they be outdated wiring, non-working heat, or leaking roofs, have taken up about one-quarter of the funds. The special purpose funds, whose amounts have fluctuated substantially, are mostly devoted to energy improvements such as more efficient boilers, storm window installation, or better management systems to monitor and control utility use.

Timeliness of CIAP Use

Implementing a modernization project is never easy, even for the private landlord, and particularly not for public landlords who must complete many bureaucratic hurdles both in HUD and in the local political process. Figure B2 shows a timeline for a typical modernization project, as monitored by CLPHA from the FY82 CIAP funding round.

Of the total 51 month time frame from start to finish, the first year is occupied with merely waiting for HUD to allocate funds and approve initial applications. Another 6 months is taken up by HUD approval of specific work plans and budgets, and then actual design can begin. The total time taken by HUD approvals and preparation to begin construction (30 months) exceeds the time it takes to implement construction (21 months).

Construction itself is time consuming, because of the major scope of most modernization jobs, time consumed to relocate tenants, and getting HUD approvals of changes made during the job. During this period, progress payments are made to pay the contractor in proportion to percentage completion.

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CLPHA

7 Marshall Street, Boston Massachusetts 02108
(617) 742-0820
509 C Street NE, Washington D.C. 20002
(202) 543-4900

Staff:
Robert McKay, executive director
Gordon Cavanaugh, legislative counsel
Wayne Sherwood, research director

This publication was prepared by Martha Davis, with layout and typesetting assistance from Linda Coffin and Niikwao Akuetteh.

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